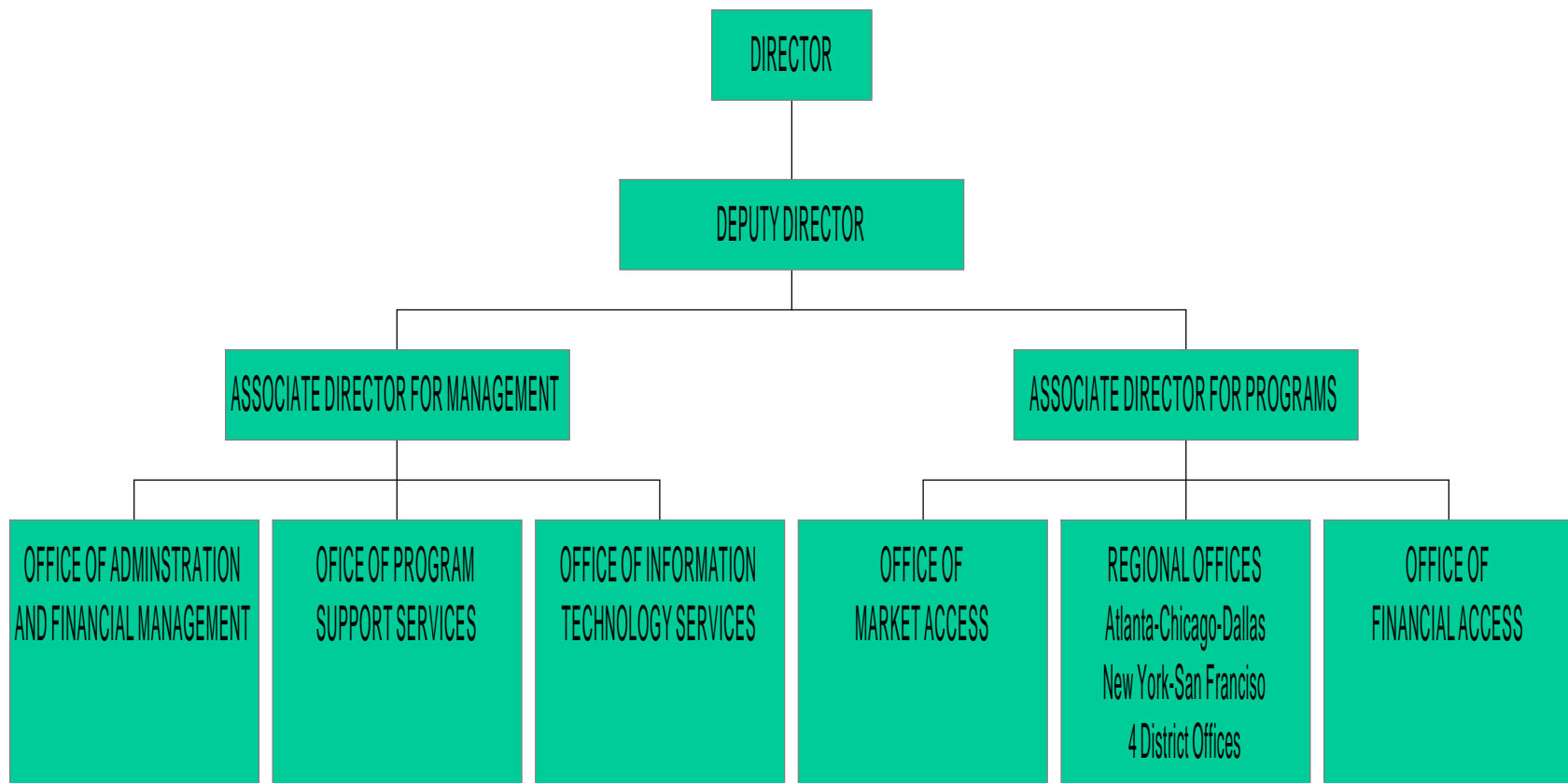


DEPARTMENT OF COMMERCE  
MINORITY BUSINESS DEVELOPMENT AGENCY  
Budget Estimates, Fiscal Year 2000  
Congressional Submission

Table of Contents

EXHIBIT NUMBER	EXHIBIT	PAGE NUMBER
2	Organization Chart.....	MBDA-1
3	Executive Summary.....	MBDA-2
3A	Summary of Goals, Objectives and Performance Measures.....	MBDA-6
4	Priority ranking of program changes.....	MBDA-7
5	Summary of resources requirements: Direct Obligations.....	MBDA-9
7	Summary of financing.....	MBDA-11
8	Adjustments to base.....	MBDA-12
9	Justification of adjustments to base.....	MBDA-13
10	Program and Performance: Direct Obligations.....	MBDA-17
	Minority Business Development:	
	Business Development.....	MBDA-19
	Advocacy, Research and Information.....	MBDA-25
13	Business Development Geographic Information System.....	MBDA-32
15	Program change detail by object class.....	MBDA-35
13	Phoenix Database Expansion.....	MBDA-36
15	Program change detail by object class.....	MBDA-39
16	Summary of requirements by object class.....	MBDA-40
17	Detailed requirements by object class.....	MBDA-42
33	Appropriation Language and Code Citation.....	MBDA-48
34	Consulting and Related Services.....	MBDA-49
35	Periodicals, Pamphlets, and Audiovisual Services.....	MBDA-50
36	Average Grade and Salaries.....	MBDA-51

# U.S. DEPARTMENT OF COMMERCE MINORITY BUSINESS DEVELOPMENT AGENCY



## Exhibit 3

### Department of Commerce Minority Business Development Agency Executive Summary

Information is the foundation of all business transactions. In Fiscal Year 2000, the Minority Business Development Agency (MBDA) in addition to its traditional program, will continue to implement and expand phases of its digitally based business development information services. MBDA will be the national center for referral of minority-owned businesses of all sizes to the vast network of public and private resources; and MBDA will provide specialized access to markets and financial capital for firms seeking growth opportunities.

#### **The Commerce Mission Statement**

The Department of Commerce promotes job creation, economic growth, sustainable development, and improved living standards for all Americans, by working in partnership with businesses, universities, communities, and workers in:

**Theme I:** Build for the future and promote U.S. competitiveness in the global marketplace, by strengthening and safeguarding the nation's economic infrastructure:

MBDA is changing its approach to business development. For minority businesses to become more competitive in today's new and changing business environment, they must understand the factors that are causing the change. These factors include:

- ♦ **Rapid demographic changes** – Over the next 50 years, 47.2 percent of the population will be minority. During that same period, the U.S population will increase by more than 120 million with 90 percent of that increase being minorities. These changes are requiring corporations to rethink their business strategies.

- ◆ The **digital** and **global economies** – Computerized information and the global marketplace offer growth potential in many areas for all businesses. These are events that dictate a new method of approaching business development.
- ◆ **Electronic Commerce and a willingness to engage in Strategic Alliances** – Future success of minority business is dependent on the new environment of electronic commerce, and large business transactions.
- ◆ **Judicial decisions** such as Adarand and **new procurement techniques** such as bundling – These decisions and techniques limit the Federal marketplace as a business opportunity. For example, Federal contracts awarded to minority businesses may be numerous but are relatively small in size. In 1996 there were 27,711 8(a) contract actions averaging only \$191,955 per contract action.
- ◆ The **expanding private market** – The private sector presents opportunities for minority businesses, but the rules for completing transactions have changed. Electronic commerce and strategic alliances will dominate future business transactions.
- ◆ **Access to financial capital** – This activity presents new challenges because of bank consolidations from mergers, and because traditional Federal guaranteed loans do not meet the needs of growing firms.

MBDA's long-term goals are to:

- Increase access to markets;
- Increase access to financial capital, and;
- Improve the quality and coverage of management and technical assistance.

In FY 2000, MBDA will have the following programmatic objectives:

- Creating an electronic information clearinghouse;
- Expanding automated matching of firm capabilities with opportunities;
- Identifying and commercializing new technologies;

- Increasing the availability of financial capital for expanding firms, and;
- Providing management and technical assistance resources electronically.

MBDA's budget request for FY 2000 is \$27.627 million, a small increase over the FY 1999 budget of \$27 million. This increase will be used to purchase information technology equipment and software necessary to maintain and expand objectives in the following programmatic activities:

- Geographic Business Information System
- Phoenix Database Expansion

These objectives will assist in expanding the Agency's activity by making available software to deliver strategic problem-solving information to minority firms via the internet and electronically match minority business capabilities with contract and other opportunities.

The future growth of minority-owned businesses is highly dependent on access to growth markets and access to the types of resources necessary to penetrate those markets. MBDA is broadening its reach to the minority business community through electronic commerce by promoting and developing information systems that will assist minority businesses in these areas.

The minority business sector is at an important crossroads as we approach the new millennium. There has been substantial growth in the number of firms in recent years. In fact, according to Census Bureau statistics, the number of minority-owned firms increased 60 percent between 1987 and 1992. This was more than double the rate of growth of 26 percent for all U.S. firms. There is also a comparable higher rate of growth in total business receipts during this period as more firms move into industries such as business services that have high growth potential. This is good news and evidence of a viable business sector that is already making significant contribution to our nation's economy.

The other side of this story is that there is still room for more growth. Minority-owned businesses remain much smaller in number and size than non-minority businesses and are concentrated in retail and personal services industries with limited growth potential. For example, forty-six percent of the more than 2 million minority firms in 1992 (the most recent

data available from the Census Bureau) had receipts of less than \$10 thousand and only 1,690 firms had 100 or more employees.

The movement toward a digital economy presents an opportunity for unparalleled growth. But it could also put minority firms at a competitive disadvantage if MBDA do not start taking steps to involve minority businesses in the digital economy to successfully operate in the business environment of the next century.

Summary of Resources  
(Dollar Amounts in Thousands)

	<u>FY 1998</u> <u>Amount</u>	<u>FY 1999</u> <u>Amount</u>	<u>FY 2000</u> <u>Amount</u>
Minority Business Development....	\$25,000	\$27,300	\$27,627

Summary of Performance  
(Dollar Amount in Millions)  
(estimates)

Total dollar value of contracts and financing awarded to companies assisted by MBDA..... (MBDC and MBOC programs)	\$1,494	\$1,948	\$1,948
--	---------	---------	---------

Department of Commerce  
**MINORITY BUSINESS DEVELOPMENT AGENCY**  
 Minority Business Development  
 Summary of Goals, Objectives and Performance Measures

DOC Strategic Theme	Bureau Goal	Bureau Objectives	Program	Outputs	Outcomes
Build for the future and promote US competitiveness in the global marketplace by strengthening and safeguarding the nation's economic infrastructure.	Improve opportunities for minority-owned business to have access to the marketplace and financing	<p>Provide electronic access to growth markets by automated matching of firm capabilities with public and private sector opportunities.</p> <p>Promote and expand opportunities for minority-owned businesses in the global marketplace.</p> <p>Assist minority-owned businesses to identify and commercialize new technologies that offer unique potential for business success.</p> <p>Increase the availability of financial capital for firms expanding into new or growing markets.</p>	<p>Electronic Access to Markets</p> <p>Geographic Business Information System</p> <p>Global Market Access</p> <p>New and Emerging Technology Transfer and Commercialization</p> <p>Access to Capital</p> <p>Minority Business Development Centers</p> <p>Electronic Commerce Advocacy</p> <p>Youth Entrepreneurship Advocacy</p> <p>Minority Business Opportunity Committees</p>	<p># of MBEs registered in databases</p> <p># of resources identified</p> <p># of Trade Missions</p> <p># of new technologies Identified and commercialized</p> <p># of sources of financial capital identified</p> <p># of MBEs received M&amp;TA</p> <p># of Minority Business Development Centers</p> <p># of youth retreats</p> <p># of National MED Week event</p> <p># of Minority Business Opportunity Committees</p>	<p># of businesses assisted</p> <p># of contracts awarded</p> <p>Dollar value of contracts awarded</p> <p># and dollar value of matched opportunities</p> <p># of MOUs signed</p> <p>Dollar value of financial sources identified to assist MBEs</p> <p>Dollar value of contracts awarded</p> <p># of youth attended</p> <p># of attendees</p> <p>Dollar value of contracts awarded</p>





Department of Commerce  
 Minority Business Development Agency  
 Minority Business Development  
 PRIORITY RANKING OF 2000 PROGRAM CHANGES  
 (Dollar amounts in thousands)

Rank	Page No.	Activity/Subactivity	Item		Personnel	Amount	Outlay
1	MBDA-32	Advocacy, Research & Information	Business Development Geographic Information System	Pos./BA FTE/Obl.	0	250	125
2	MBDA-36	Advocacy, Research & Information	Phoenix Database Expansion	Pos./BA FTE/Obl.	0	51	26
					0	301	151

Total, program changes

Department of Commerce  
 Minority Business Development Agency  
 Minority Business Development  
 SUMMARY OF RESOURCE REQUIREMENTS  
 (Dollar amounts in thousands)

Page No.		Positions	FTE	Budget Authority	Direct Obligations
	President's budget, 1999	133	120	27,300	27,300
	less: obligations from prior years	0	0	0	0
MBDA-11	plus: 2000 adjustments to base	0	0	26	26
	2000 base	133	120	27,326	27,326
	plus: 2000 program changes			301	301
	2000 estimate	133	120	27,627	27,627

			1998	1999	2000	2000	Increase/ (Decrease)			
			Actual	Currently Available	Base	Estimate	over 2000 Base			
Comparison by activity:			Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Minority Business Development:										
MBDA-19	Business Development	Pos./BA	51	15,250	51	16,127	51	16,319	0	0
		FTE/Obl.	34	16,978	46	16,446	46	16,319	0	0
MBDA-26	Advocacy, Research & Information	Pos./BA	82	9,750	82	11,173	82	11,308	0	301
		FTE/Obl.	55	10,776	74	11,830	74	11,308	0	301
Total										
		Pos./BA	133	25,000	133	27,300	133	27,627	0	301
		FTE/Obl.	89	27,754	120	28,276	120	27,627	0	301

## Adjustments to Obligations:

Recoveries	(1,178)	
Unobligated Balance, SOY	(2,630)	(976)
Unobligated Balance, Transferred		
Unobligated Balance, EOY	976	
Unobligated Balance, Expiring	78	

Department of Commerce  
 Minority Business Development Agency  
 Minority Business Development  
 SUMMARY OF RESOURCE REQUIREMENTS  
 (Dollar amounts in thousands)

	1998 Actual	1999 President's Budget	2000 Base	2000 Estimate	Increase/ (Decrease) over 2000 Base
	Personnel Amount	Personnel Amount	Personnel Amount	Personnel Amount	Personnel Amount
<u>Comparison by activity:</u>					
Financing from transfers:					
Transfer from other accounts		(300)			
Transfer to other accounts					
Appropriation	25,000	27,000	27,326	27,627	301

## Exhibit 7

Department of Commerce  
 Minority Business Development Agency  
 Minority Business Development  
 SUMMARY OF FINANCING  
 (Dollar amounts in thousands)

	1998 Actual Amount	1999 Currently Available Amount	2000 Base Amount	2000 Estimate Amount	Increase/ Decrease Amount
Total Obligations	28,154	28,676	27,726	28,027	301
Financing:					
Offsetting collections from:					
Federal funds	(400)	(400)	(400)	(400)	0
Trust funds	0	0	0	0	0
Non-Federal sources	0	0	0	0	0
Recoveries	(1,178)				
Unobligated balance, start of year	(2,630)	(976)	0	0	0
Unobligated balance transferred	0	0	0	0	0
Unobligated balance, end of year	976	0	0	0	0
Unobligated balance lapsing	78	0	0	0	0
Budget Authority	25,000	27,300	27,326	27,627	301
Transfer from other accounts (-)	0	(300)	0	0	0
Transfer to other accounts (+)	0	0	0	0	0
Appropriation	25,000	27,000	27,326	27,627	301

Department of Commerce  
Minority Business Development Agency  
Minority Business Development  
ADJUSTMENTS TO BASE  
(Dollar amounts in thousands)

Exhibit 8

	<u>FTE</u>	<u>Amount</u>
Adjustments:		
Non-recurring item	0	(300)
Other Changes:		
1999 Pay Raise		84
2000 Pay Raise		263
Working Capital Fund Pay Raise		28
Within-grade Step Increases		26
Civil Service Retirement System (CSRS)		4
Federal Employees Retirement System (FERS)		(5)
Thrift Savings Plan		(1)
Health Insurance		26
Employees' Compensation Fund		(109)
Travel:		
Per Diem		5
Postage		2
Rental Payments to GSA		41
FTS 2000		4
GPO Printing		3
NARA Storage Costs		1
Working Capital Fund		314
Commerce Administrative Management System (CAMS)		(14)
General Pricing Level Adjustment		92
Subtotal, Other Changes	<u>0</u>	<u>764</u>
Subtotal, Adjustments to Base	0	464
Absorption of Adjustments to Base	0	(438)
Total, Adjustments to Base	<u>0</u>	<u>26</u>

Department of Commerce  
Minority Business Development Agency  
Minority Business Development  
JUSTIFICATION OF ADJUSTMENTS TO BASE  
(Dollar amounts in thousands)

Exhibit 9

Object Class -----	FTE -----	Amount -----
Adjustment.....	0	(300)
A one-time transfer of \$300,000 for Y2K issues pursuant to P.L. 105-277, Section 605.		
1999 Pay Raise.....	0	84
The 1999 President's budget assumes a pay raise of 3.6% to be effective on January 4, 1999.		
Total cost in 2000 of 1999 pay increase.....		250,000
Less amount funded in 1998.....		(166,387)
Less amount absorbed.....		0
		-----
Amount requested in 2000 to provide cost of 1999 pay increase.....		83,613
2000 Pay Raise.....	0	291
A general pay raise of 4.4% is assumed to be effective January 3, 2000.		
Total cost in 2000 of pay increase.....		343,000
Less amount absorbed in FY 2000.....		(80,000)
		-----
Amount requested for 2000 pay increase..		263,000
Payment to Working Capital Fund.....		28,000
		-----
Total, adjustment for 2000 pay increase. ....		291,000

Department of Commerce  
Minority Business Development Agency  
Minority Business Development  
JUSTIFICATION OF ADJUSTMENTS TO BASE  
(Dollar amounts in thousands)

Exhibit 9

Object Class -----	FTE -----	Amount -----
Within-grade step increases.....	0	26
An increase of \$25,602 is required to cover the cost of within-grade increases. This estimate reflects the net cost of step increases which will be earned in 2000.		
Estimated number of within-grade step increases....	31	
Step increases not earned due to turnover (17.6% x 31).....	5	
Average step above step 1 per separation .....	3	
Average cost per within-grade step increase.....	\$1,411	
Gross cost of scheduled step increases (\$1,411 x 31).....	\$43,741	
Less savings due to separations (\$1,411 x 5 x 3).....	(21,165)	
Subtotal, Personnel Compensation.....	22,576	
Personnel Benefits.....	3,026	
Total adjustment to base.....	\$25,602	
Civil Service Retirement System (CSRS).....	0	4
The number of employees covered by CSRS continues to increase. The estimated percentage of payroll for employees covered by CSRS will increase from 65.50% in 1999 to 66.1% in 2000. The contribution rates will remain the same.		
2000 \$7,037,000 x .661 x .0851.....	395,839	
1999 \$7,037,000 x .655 x .0851.....	392,246	
Total adjustment-to-base.....	\$3,593	

Department of Commerce  
Minority Business Development Agency  
Minority Business Development  
JUSTIFICATION OF ADJUSTMENTS TO BASE  
(Dollar amounts in thousands)

Exhibit 9

Object Class -----	FTE -----	Amount -----
Federal Employees Retirement System (FERS) .....	0	( 5 )
The number of employees covered by FERS will decrease . The estimated percentage of payroll for employees covered FERS will decrease from 34.50% in 1999 to 33.90% in 2000. The contribution rate will remain 10.7% in 2000.		
2000      \$7,037,000 x .3390 x .107.....		\$255,253
1999      \$7,037,000 x .345 x .107.....		259,771
Total adjustment-to-base.....		(4,518)
Thrift Savings Plan (TSP).....	0	( 1 )
The cost of agency contributions to the Thrift Savings Plan will decrease. The contribution rate will expected to remain 2%.		
2000      \$7,037,000 x .339 x .02.....		47,711
1999      \$7,037,000 x .345 x .02.....		48,555
Subtotal FY 2000 adjustments to base.....		(844)
Health Insurance.....	0	26
Effective January 1999, MBDA's contribution to Federal employees' health insurance premiums increased by 8.7%. This percentage was applied to the 1999 estimate of \$300,000 to arrive at a increase of \$26,100.		



Department of Commerce  
Minority Business Development Agency  
Minority Business Development  
JUSTIFICATION OF ADJUSTMENTS TO BASE  
(Dollar amounts in thousands)

Exhibit 9

Object Class -----	FTE -----	Amount -----
Employee's Compensation Fund.....	0	(109)
The Employee's Compensation Fund bill for the year ending June 30, 1999 is \$108,887 lower than the bill for the year ending June 30, 1998. The charges will be reimbursed to the Department of Labor pursuant to 5 U.S.C. 8147.		
Per diem increase.....	0	5
Effective January 1, 1998, the General Services Administration raised per diem rates. This increase results in a 6.5% increase to MBDA. This percentage was applied to the 1999 estimate of \$75,000 to arrive at an increase of \$4,875.		
Rental Payments to GSA.....	0	41
GSA rates are projected to increase 2.6% in 2000. This percentage was applied to the 1999 estimate of \$1,590,000 to arrive at an increase of \$41,340.		
FTS 2000.....	0	4
FTS rates are projected to increase 4.9% in 2000. This percentage was applied to the 1999 estimate of \$75,000 to arrive at an increase of \$3,675.		
Postage.....	0	2
Postage rates are projected to increase 3.0% in 2000. This percentage was applied to the 1999 estimate of \$65,000 to arrive at an increase of \$1,950.		
GPO Printing.....	0	3
GPO has provided an estimated rate increase of 3.1%. This percentage was applied to the 1999 estimate of \$102,000 to arrive at an increase of \$3,162.		

Department of Commerce  
Minority Business Development Agency  
Minority Business Development  
JUSTIFICATION OF ADJUSTMENTS TO BASE  
(Dollar amounts in thousands)

Exhibit 9

Object Class -----	FTE -----	Amount -----
Working Capital Fund.....	0	314
An additional \$314,000 is required to fund cost increases in the General Administration's Working Capital Fund.		
National Archives and Records Administration.....	0	1
In FY 2000, NARA will begin billing agencies for storage and maintenance costs. The estimate for MBDA is \$1,000.		
Commerce Administrative Management System (CAMS).....	0	(14)
The bureau's specific costs for the continued development and implementation of the Department-wide Commerce Administrative Management System is estimated to be \$24,000 which is a decrease of \$14,000.		
General Pricing Level Adjustment.....	0	92
This request applies OMB economic assumptions for FY 2000 to subobject classes where the prices that the government pays are established through the market system. Factors are applied to transportation of things (\$130); rental payments to others (\$130); communications, utilities, and miscellaneous charges (excluding postage & FTS 2000) (\$710); other services (\$87,760); supplies and materials (\$800) and equipment (\$2,180).		
Total Other Changes .....	0	\$764
Less: Adjustments to Base Absorbed.....	0	(438)
Total FY 2000 Adjustments to Base and Built-in-Changes.....	0	26

Department of Commerce  
 Minority Business Development Agency  
 Minority Business Development  
 PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS  
 (Dollar amounts in thousands)

Activity: Minority Business Development  
 Subactivity: Business Development

		1998 Actual		1999 Currently Available		2000 Base		2000 Estimate		Increase/ (Decrease) over 2000 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Business Development	Pos./BA	51	15,250	51	16,127	51	16,319	51	16,319	0	0
	FTE/Obl.	34	16,978	46	16,446	46	16,319	46	16,319	0	0
Total	Pos./BA	51	15,250	51	16,127	51	16,319	51	16,319	0	0
	FTE/Obl.	34	16,978	46	16,446	46	16,319	46	16,319	0	0

Department of Commerce  
Minority Business Development Agency  
Minority Business Development  
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Activity: Minority Business Development (\$27,000 – 120 FTE)

Goal and Objectives

**Goal**

Improve opportunities for minority-owned businesses to have access to marketplace.

**Objectives:**

- Provide electronic access to growth markets by automated matching of firm capabilities with public and private sector opportunities.
- Promote and expand opportunities for minority-owned businesses in the global marketplace.
- Assist minority-owned businesses to identify and commercialize new technologies that offer unique potential for business success.

- Advocate and increase the use of electronic commerce by minority-owned businesses.
- Expand registrations and opportunities of the Phoenix and Opportunity Databases
- Provide management and technical assistance resources electronically for use by local, state and non-profit organizations.

### **Goal**

Improve the opportunities for minority-owned businesses to pursue financing.

### **Objectives:**

- Establish an electronic information clearinghouse of growth opportunities and business development resources for minority-owned businesses and those engaged in business development activities.
- Increase the availability of financial capital for firms expanding into new or growing markets.

Subactivity: Business Development (\$16,319 – 46 FTE)

### **Base Program**

The Minority Business Development Agency's goal for Fiscal Year 2000 is to enhance its business development services by providing digitally based business development information services. MBDA will use the Internet as the vehicle for an information clearinghouse and national center for referral of minority-owned businesses of all sizes to the vast network of public and private business development resources. MBDA will provide specialized access to markets and electronic matching of firms with market opportunities.

Minority-owned firms remain much smaller than non-minority businesses. While 11 percent of the total number of United States firms are minority-owned, they generate only 6 percent of total business receipts. Minority-owned firms are moving into higher growth markets, but they remain heavily concentrated in the consumer service sector. They have made some progress in penetrating public sector markets, but are underrepresented in international trade and business to business sales. For example, only 16.4 percent of African American businesses sell to other businesses and corporations, but 34.4 percent of non-minority male businesses sell to this important sector.

Federal minority business development policy has historically focused on increased penetration of the Federal Government marketplace. This continues to be an important market for many firms, but it has limited growth potential. Contracts from many set-aside programs are numerous, but small in monetary size. This market status, together with constraints of a new judicial environment, a movement in the private and public sectors toward larger-scale business transactions and rapidly increased use of electronic commerce places the future growth of minority firms at risk.

Although there are no definitive statistics available which document the extent to which minority-owned firms are now involved in electronic commerce, there is evidence that minorities own computers and have Internet access at a lower rate than non-minorities. But minorities are catching up by purchasing computers and gaining online access at a higher rate than non-minorities. Also, a recent survey by *Dun and Bradstreet* indicates that some minority firms are increasingly aware of the importance of this new technology. Although limited, the survey found that minority small businesses are 62 percent more likely to invest in computer equipment in 1998 than non-minority small business owners, and 41 percent are more likely to use the Internet for business research. MBDA's priority to advocate usage of electronic commerce is necessary because electronic commerce is a reality for business survival; and it is viable because the seeds of this message have already been planted in the minority community.

### **Global Market Access**

MBDA will partner with the International Trade Administration (ITA), other trade institutions, and the minority business community to promote and expand opportunities for minority firms in the global marketplace. We will accomplish this through a series of activities that are designed to take advantage of the historical, cultural and language affinities that provide natural competitive benefits to minority businesses with countries in Africa, Latin America and Asia. Minority firms will be identified to participate in MBDA and Secretarial trade missions.

MBDA will support the Department's special programmatic emphasis on Africa in four ways:

- Develop a list of minority businesses that are interested in and have the capability to trade with Africa.
- Begin an association with government business development organizations in Africa to develop strategies for increasing trade opportunities.
- Develop electronic trade opportunities through our Phoenix and Opportunity databases.
- Partner with the National Telecommunications and Information Administration (NTIA) and ITA on the Africa Electronic Commerce Initiative.

The Africa Electronic Commerce Initiative has two goals: 1) Enhance the long-term viability of black-owned businesses in Africa, and 2) Significantly expand global business opportunities for U.S. minority-owned businesses.

In partnership with ITA and other Federal agencies such as the Export Import Bank, **USAID** and **OPIC**, we will develop a clearinghouse of information, resources and market opportunities targeted to minority businesses who want to engage in international trade. As part of this partnership, MBDA will join with various ministries of trade and industry, industry groups and others to collect information using push technology that will allow minority businesses to receive market opportunities electronically from international sources. This information will include foreign buying missions to the United States and information from the major international financial institutions such as the World Bank, USAID and the Inter-American Development Bank about major international projects providing possible contract opportunities for minority firms.

Because of the trend toward larger business transactions, MBDA will develop strategic alliances, especially with USAID, to involve minority firms in large-scale global projects. The Phoenix database will be used to register minority businesses with exporting capabilities.

To enhance the status of minority business in the international community, MBDA will share policy guidance and operating experiences of U.S. based minority business development programs. This information will be shared with government, academic and business leaders in emerging countries seeking to overcome long-standing economic

disparities, thereby increasing the opportunities in the international arena for minority businesses. This information will be shared over the Internet and published in report form.

### **New and Emerging Technology Transfer and Commercialization**

MBDA will assist minority firms to identify and commercialize new technologies that offer unique potential for business success. MBDA will assist minority inventors to commercialize their ideas by providing access to information and potential investors through seminars, outreach and workshops co-sponsored by Patent and Trademark Office (PTO), National Institute of Standards and Technology (NIST), NTIA, ITA, technology trade groups, colleges, universities and others. We will also develop mechanisms for technology transfer from Federal facilities to minority businesses and minority educational institutions. To facilitate this transfer we will develop partnerships with Historically Black Colleges and Universities, Hispanic Serving Institutions, American Indian Serving Educational Institutions and Federal agencies such as NIST and the National Oceanic and Atmospheric Administration (NOAA) to promote the development and commercialization of new technologies. An example of this type of partnership is in the field of aquaculture where MBDA is working with NOAA to transfer Federal and private research about this industry to minority educational institutions.

MBDA will also identify and assemble resources (finance, marketing, operations) necessary through financial institutions to assist minority firms to develop viable commercial strategies from new and emerging technologies. In particular, we will partner with Economic Development Administration (EDA) to move minority firms into their high technology business incubators.

### **Access to Capital**

Capital access programs for minority business development have historically focused on debt capital guarantee programs of the Federal Government. MBDA will continue to work with the Small Business Administration (SBA) and EDA to provide access to their loan guarantee programs. In addition, MBDA will facilitate access to the types of capital required by minority firms seeking growth. MBDA will negotiate with banks and financial institutions to provide access to larger financial capital resources, which go beyond traditional government sponsored bank loans.



Another activity is the need to create capital and market access for successful businesses which are nearing graduation from the 8(a) program and seeking entry into more diversified markets in the public and private sectors.

MBDA will develop an automated database of public and private financial capital resources that will be housed in the new information clearinghouse. This database will be accessible through the Internet and constructed in a user-friendly manner so that firms can search for capital resources according to type of capital needed and geographic location.

### **Strategic Alliances**

MBDA will promote and facilitate the creation of strategic alliances and joint ventures among minority businesses to participate in large-scale business transactions by bringing together interested parties to combine resources. This is a practical and necessary solution to new market forces of contract bundling and mass marketing. Minority-owned firms typically do not yet possess the size and resources necessary to take advantage of these business deals. There is some resistance to strategic alliances because of cultural factors, but MBDA has had success in using its leadership to overcome this resistance. MBDA will take a more active role in developing alliances such as the Retired Military Officers Association, which may soon become the first African American IBM distributorship.

### **Electronic Management and Technical Assistance Resources**

In addition to what MBDA is already doing through its network of business development and business resource centers, we plan to provide management and technical assistance services through a virtual network. This will allow MBDA to extend its assistance to all parts of the country, whether rural or urban.

MBDA plans to provide management and technical assistance resources electronically for use by local, state, and non-profit business assistance organizations. MBDA plans also include hosting a national conference that will bring together all of the state, local and non-profit minority business assistance providers to share best practices and to develop strategies for enhancing the overall quality and consistency of minority business assistance services across the country. MBDA plans to host state and regional meetings on how to access resources for minority business development using the Internet.

For basic start-up and low growth firms MBDA will create a partnership electronic referral network where firms can take advantage of existing management and technical assistance services provided by MBDA's network, state and local governments, SBA, educational institutions and others.

Management and technical assistance and other business development services will also be provided through our traditional minority business development centers, Native American Business Development Centers and Business Resources Centers. But the quality of their services will improve by having complete access to our new electronic information network.

Performance Measures	FY 1998 Actual	FY 1999 Estimated	FY 2000 Estimated
Business Development			
Total dollar value of contracts awarded and financing obtained for assisted companies (MBDC Program).....	\$494M	\$948M	\$948M
Number of contracts awarded .....	1,070	858	858
Number of businesses assisted .....	8,059	9,419	9,419
Total dollar value of awarded MBOC Contract Opportunities .....	\$1,000B	\$1,000B	\$1,000B

Department of Commerce  
 Minority Business Development Agency  
 Minority Business Development  
 PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS  
 (Dollar amounts in thousands)

Activity: Minority Business Development  
 Subactivity: Advocacy, Research & Information

		1998 Actual		1999 Currently Available		2000 Base		2000 Estimate		Increase/ (Decrease) over 2000 Base	
		Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount	Personnel	Amount
Advocacy, Research & Information	Pos./BA	82	9,750	82	11,173	82	11,007	82	11,308	0	301
	FTE/Obl.	55	10,776	74	11,830	74	11,007	74	11,308	0	301
Total	Pos./BA	82	9,750	82	11,173	82	11,007	82	11,308	0	301
	FTE/Obl.	55	10,776	74	11,830	74	11,007	74	11,308	0	301

Department of Commerce  
Minority Business Development Agency  
Minority Business Development  
JUSTIFICATION OF PROGRAM AND PERFORMANCE

Subactivity: Advocacy, Research and Information (\$11,308 – 74 FTE)

Base Program

The advocacy, research and information function supports the development and operation of the delivery of services and provides policy direction to key initiatives. This function will utilize 39% of total resources. It will also contain the electronic commerce portion of our programmatic activities.

MBDA advocates that Minority business is good business and that government and private support thereof, ensures and enhances long-term economic opportunity and a rising standard of living for all Americans. In addition to a variety of advocacy activities traditionally performed at MBDA, electronic commerce is now included.

The most prominent traditional advocacy activity has been the Minority Enterprise Development (MED) Week event. Since 1982, this annual event has been held throughout the country during the fall of each year. MED Week recognizes the achievements of minority entrepreneurs and the corporate and government groups that support them. At local MED Week events, businesses are nominated for regional and national honors. The local events culminate in the National MED Week event held in Washington, D.C. in September. National MED Week attracts 1,000 participants to the Washington Area, annually.

MED Week promotes business growth through a variety of networking opportunities. MED Week constitutes a forum that allows minority businesses to: (1) participate in workshops and seminars on issues of importance to the minority business community; (2) gather information about available business opportunities; (3) network with governmental and private sector purchasing officials; (4) market their goods and services through the purchase of exhibit booths; and (5) receive Congressional and Presidential recognition for significant achievements. MBDA will continue this forum for advocating on behalf of the minority business community. MBDA partners with the Small Business Administration (SBA) and the private sector to produce this event.

### **Electronic Commerce Advocacy**

The movement toward a digital economy must be promoted within the minority business community. MBDA is planning a series of workshops and seminars to begin in FY 1999 to educate minority firms and organizations serving them about the importance of electronic commerce. The Agency will deliver nationally a jointly developed NIST/MBDA course for minority business executives on electronic commerce in FY 1999. MBDA will continuously research and evaluate the extent to which minority businesses are involved in electronic commerce, their usage patterns over time and any existing impediments to full participation in the digital economy. We will also evaluate the existing resources available at both the national and local levels and develop a strategy for partnerships and/or co-sponsorships with these organizations to promote electronic commerce. To emphasize the importance of this project at the local level, we will include a requirement for electronic commerce advocacy in the evaluation criteria of our business development and business resource centers.

### **Youth Entrepreneurship Advocacy**

MBDA's youth initiative in FY 1998 included a two day retreat for more than 100 students. This activity was a very positive step toward maintaining the youth entrepreneurship initiative. MBDA will continue to assist, encourage and expose minority youth to the world of business ownership. By planting the seed of entrepreneurship in minority youth between the ages of 14-18, they are given a choice as to what will be the best course to pursue after college.

Based on financial resources, MBDA will continue to sponsor one day retreats focusing on educating, identifying and addressing the business concerns of minority youth. Almost without exception, the major objective of this program is to

cultivate the entrepreneurial spirit in minority youth, and make them aware of business ownership as an attainable goal. The retreats will combine a classroom curriculum with hands-on, practical experiences, which make business skills enjoyable to learn.

### **Electronic Information Clearinghouse**

MBDA will maintain an electronic information clearinghouse that will allow minority-owned businesses to have access to information about new technologies and emerging industries, domestic and international market opportunities, market trends, industry studies and business market leads. The clearinghouse will have an automated listing of resources for minority businesses to link into financial resources available at the Federal, state and local governments and will have links to private sector resources that have been developed by MBDA, including traditional and non-traditional sources of capital and specialized “niche” lenders for trade finance, venture capital, etc.

The information clearinghouse will operate in partnership with the NTIS to develop a library of research and other reports on minority business. The partnership with NTIS will permit users to order these documents on-line via credit card. As part of this partnership, MBDA will encourage the production of privately funded research on issues related to minority business development and compile such research and reports for dissemination.

### **Electronic Access to Markets**

MBDA's Phoenix and Opportunity databases electronically match minority business capabilities with contract and other opportunities. The Phoenix Database will consist of minority-owned firms that register their capabilities online through the MBDA website. The Opportunity Database will permit any individual or institution to register procurement opportunities online. The system will then automatically match firms with opportunities and provide follow-up tracking; and it will be fully compliant with requirements of the Government Performance and Results Act to measure outcome. MBDA will provide outreach, training and customer service initiatives designed to encourage minority-owned firms to actively participate in electronic commerce. Strategies to continue the population of the system include: conducting workshops and seminars for minority companies and providing direct linkages to electronic commerce through Business Development Centers, Minority Business Opportunity Committees and Business Resource Centers. For example, MBDA

and the National Institutes of Standards and Technology (NIST) have partnered to develop and pilot a training course for minority executives in electronic commerce.

The Phoenix and Opportunity databases were made operational in FY 1998 and will be populated with over 35,000 firms in FY 1999 and more than 70,000 firms in FY 2000. During FY 2000, MBDA will electronically collect market opportunities from public and private sources. MBDA will then use new technology to automatically deliver these opportunities through the Internet directly to qualified minority businesses.

MBDA will also use these databases to broker relationships among minority businesses seeking to enter partnerships, joint ventures and other strategic alliances in order to enhance their capability to conduct the type of large scale business transactions that are becoming more prevalent with private and public sector organizations.

**Department of Commerce**  
**MINORITY BUSINESS DEVELOPMENT AGENCY**  
**Summary of Goals, Objectives and Performance Measures**  
**(dollars in millions except where otherwise noted)**

[illegible]



Performance Measures	FY 1998 Actual	FY 1999 Estimated	FY 2000 Estimated
Advocacy, Research and Information			
Number of participants attending MED Week Event . . . . .	1,111	1,300	1,300
Number of youth attending youth retreat....	100	100	100
Number of opportunities matched (Phoenix/Opportunity Databases)	2,131	2,600	3,600
Dollar value of matched opportunities . . . . . (Phoenix/Opportunity Databases)	\$ 2M	\$20M	\$164M

Department of Commerce  
Minority Business Development Agency  
Minority Business Development  
SUMMARY OF REQUIREMENTS BY OBJECT CLASS  
(Dollar amounts in thousands)

Exhibit 16

Object Class		1998 Actual	1999 Currently Available	2000 Base	2000 Estimate	Increase / (Decrease)
11	Personal compensation					
11.1	Full-time permanent	5,206	5,668	6,008	6,008	0
11.3	Other than full-time permanent	21	0	0	0	0
11.5	Other personnel compensation	616	44	45	45	0
11.8	Special personnel services payments	0	0	0	0	0
11.9	Total personnel compensation	5,843	5,712	6,053	6,053	0
12.1	Civilian personnel benefits	1,072	1,170	1,211	1,211	0
13	Benefits for former personnel	27	0	0	0	0
21	Travel and transportation of persons	305	298	307	307	0
22	Transportation of things	21	24	13	13	0
23.1	Rental payments to GSA	1,507	1,493	1,585	1,585	0
23.2	Rental payment to others	10	13	13	13	0
23.3	Commun., util., misc. charges	184	201	218	218	0
24	Printing and reproduction	87	93	105	105	0
25.1	Advisory and assistance services	8	100	0	250	250
25.2	Other services	7,924	3,151	3,541	3,541	0
25.3	Purchases of goods and services from Government accounts	2,004	1,070	1,426	1,426	0
25.4	Operations and maintenance of facilities	0	0	0	0	0
25.5	Research and development contracts	0	0	0	0	0
25.6	Medical care	0	0	0	0	0
25.7	Operation and maintenance of equipment	134	101	111	111	0
25.8	Subsistence and support of persons	16	0	0	51	51
26	Supplies and materials	880	81	81	81	0
31	Equipment	584	212	220	220	0
32	Lands and structures	0	0	0	0	0
33	Investments and loans	0	0	0	0	0
41	Grants, subsidies and contributions	7,148	14,557	12,442	12,442	0
42	Insurance claims and indemnities	0	0	0	0	0
43	Interest and dividends	0	0	0	0	0
44	Refunds	0	0	0	0	0
99	Total obligations	27,754	28,276	27,326	27,627	301

Department of Commerce  
 Minority Business Development Agency  
 Minority Business Development  
 SUMMARY OF REQUIREMENTS BY OBJECT CLASS  
 (Dollar amounts in thousands)

Object Class	1998 Actual	1999 Currently Available	2000 Base	2000 Estimate	Increase / (Decrease)
Less: Obligations from prior year	(2,754)	(976)			
Total Budget Authority	25,000	27,300	27,326	27,627	301
Personnel Data					
Full-Time Equivalent Employment:					
Full-time permanent	88	119	119	119	0
Other than full-time permanent	1	1	1	1	0
Total	89	120	120	120	0
Authorized Positions:					
Full-time permanent	129	129	129	129	0
Other than full-time permanent	4	4	4	4	0
Total	133	133	133	133	0

Department of Commerce  
Minority Business Development Agency  
Minority Business Development  
DETAILED REQUIREMENTS BY OBJECT CLASS  
(Dollar amounts in thousands)

Exhibit 17

Object Class		2000 Adjustment to Base	2000 Base	2000 Estimate	Increase / (Decrease)
11	Personal compensation				
11.1	Full-time permanent				
	Executive level				
	Senior executive service	17	471	471	0
	General schedule	323	5,537	5,537	0
	Commissioned officers	0	0	0	0
	Wage board/wage marine	0	0	0	0
	Scientific & professional (P.L. 80-313)	0	0	0	0
	Examiners of patent appeals (P.L. 82-593, 98-622)	0	0	0	0
	Examiners of trademark appeals (P.L. 98-622)	0	0	0	0
	Senior foreign service	0	0	0	0
	Foreign service staff	0	0	0	0
	Foreign service nationals	0	0	0	0
	Consultants & experts	0	0	0	0
	Students	0	0	0	0
	[Law enforcement]	0	0	0	0
	Subtotal	340	6,008	6,008	0
11.3	Other than full-time permanent				
	General schedule	0	0	0	0
	Wage board	0	0	0	0
	Experts & consultants	0	0	0	0
	Hourly	0	0	0	0
	Subtotal	0	0	0	0
11.5	Other personnel compensation				
	Overtime	0	25	25	0
	SES performance awards	0	0	0	0
	Cash awards	0	0	0	0

Department of Commerce  
Minority Business Development Agency  
Minority Business Development  
DETAILED REQUIREMENTS BY OBJECT CLASS  
(Dollar amounts in thousands)

Exhibit 17

Object Class		2000 Adjustment to Base	2000 Base	2000 Estimate	Increase / (Decrease)
	Merit pay awards	0	0	0	0
	Other	0	20	20	0
	Subtotal	0	45	45	0
11.8	Special personnel services payments				
	Foreign service officers (State)	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0
11.9	Total personnel compensation	340	6,053	6,053	0
12.1	Civilian personnel benefits				
	Civil service retirement	0	355	355	0
	Federal employees' retirement	0	222	222	0
	Thrift savings plan	0	35	35	0
	Federal insurance contribution act	0	168	168	0
	Health insurance	0	317	317	0
	Life insurance	0	8	8	0
	Employees' compensation fund	0	119	119	0
	Civil service retirement and disability fund	0	(13)	(13)	0
	Subtotal	0	1,211	1,211	0
13	Benefits for former personnel				
	Severance pay	0	0	0	0
	Unemployment compensation	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	0	0	0

Department of Commerce  
Minority Business Development Agency  
Minority Business Development  
DETAILED REQUIREMENTS BY OBJECT CLASS  
(Dollar amounts in thousands)

Exhibit 17

Object Class		2000 Adjustment to Base	2000 Base	2000 Estimate	Increase / (Decrease)
21	Travel and transportation of persons				
	Common carrier	0	155	155	0
	Mileage	0	24	24	0
	Per diem/actual	0	106	106	0
	Vehicular	0	10	10	0
	Other	0	0	0	0
	[Overseas estimates]	0	0	0	0
	Subtotal	0	295	295	0
22	Transportation of things	0	13	13	0
	[Overseas estimates]				
23.1	Rental payments to GSA	0	1,585	1,585	0
23.2	Rental payment to others	0	13	13	0
23.3	Commun., util., misc. charges	0	0	0	0
	Rental of ADP equipment	0	0	0	0
	Rental of office copying equipment	0	0	0	0
	Other equipment rental	0	6	6	0
	Federal telecommunications systems	0	79	79	0
	Other telecommunications services	0	66	66	0
	Postal Service by USPS	0	67	67	0
	Other	0	0	0	0
	[Overseas estimates]	0	0	0	0
	Subtotal	0	218	218	0

Department of Commerce  
 Minority Business Development Agency  
 Minority Business Development  
 DETAILED REQUIREMENTS BY OBJECT CLASS  
 (Dollar amounts in thousands)

Exhibit 17

Object Class		2000 Adjustment to Base	2000 Base	2000 Estimate	Increase / (Decrease)
24	Printing and reproduction				
	Publications	0	34	34	0
	Public use forms	0	6	6	0
	Envelopes	0	2	2	0
	Other	0	63	63	0
	[Payments to GA, WCF]	0	[88]	[88]	0
	[Overseas estimates]	0	0	0	0
	Subtotal	0	105	105	0
25.1	Advisory and assistance services	0	0	0	0
	Management & professional support services	(100)	0	250	250
	Studies, analyses, & evaluation	0	0	0	0
	Engineering & technical services	0	0	0	0
	[Overseas estimates]	0	0	0	0
	Subtotal	(100)	0	250	250
25.2	Other services				
	Training:				
	University	0	9	9	0
	Other	0	50	50	0
	ADP services	0	62	62	0
	Telecommunications services	0	32	32	0
	Other non-government contracts	0	35	35	0
	Other	(200)	3,303	3,303	0
	CAMS Bureau Specific	(14)	24	24	0
	CAMS Bureau Shared	0	37	37	0
	NARA Storage	0	1	1	0
	Subtotal	(214)	3,553	3,553	0

Department of Commerce  
Minority Business Development Agency  
Minority Business Development  
DETAILED REQUIREMENTS BY OBJECT CLASS  
(Dollar amounts in thousands)

Exhibit 17

Object Class		2000 Adjustment to Base	2000 Base	2000 Estimate	Increase / (Decrease)
25.3	Purchases of goods and services from Government accounts				
	Office of Personnel Management Training	0	4	4	0
	GSA reimbursable services	0	5	5	0
	Payments to GA, WCF	0	1,407	1,407	0
	Other	0	10	10	0
	Subtotal	0	1,426	1,426	0
25.4	Operations and maintenance of facilities	0	0	0	0
25.5	Research and development contracts	0	0	0	0
25.6	Medical care	0	0	0	0
25.7	Operation and maintenance of equipment	0	111	111	0
25.8	Subsistence and support of persons	0	0	51	51
	Subtotal	0	111	162	51
26	Supplies and materials				
	Office supplies	0	61	61	0
	ADP supplies	0	20	20	0
	Other	0	0	0	0
	[Overseas estimates]	0	0	0	0
	Subtotal	0	81	81	0
31	Equipment				
	Office machines and equipment	0	7	7	0
	ADP hardware	0	193	193	0
	ADP software	0	20	20	0
	Other	0	0	0	0
	[Overseas estimates]	0	0	0	0
	Subtotal	0	220	220	0



Department of Commerce  
 Minority Business Development Agency  
 Minority Business Development  
 DETAILED REQUIREMENTS BY OBJECT CLASS  
 (Dollar amounts in thousands)

Exhibit 17

Object Class		2000 Adjustment to Base	2000 Base	2000 Estimate	Increase / (Decrease)
32	Lands and structures	0	0	0	0
33	Investments and loans	0	0	0	0
41	Grants, subsidies and contributions	0	12,442	12,442	0
42	Insurance claims and indemnities	0	0	0	0
43	Interest and dividends	0	0	0	0
44	Refunds	0	0	0	0
99	Total Obligations	26	27,326	27,627	301
	Less prior year recoveries	0	0	0	0
	Total Budget Authority	26	27,326	27,627	301

DEPARTMENT OF COMMERCE  
MINORITY BUSINESS DEVELOPMENT AGENCY  
Minority Business Development  
APPROPRIATION LANGUAGE AND CODE CITATIONS

1. For the necessary expenses of the Department of Commerce in fostering, promoting, and developing minority business enterprise,

15 U.S.C. 1512

15 U.S.C. 1512 authorizes the Secretary of Commerce to foster, promote and develop business, foreign and domestic.

2. Including expenses of grants, contracts, and other agreements with public or private organizations,

No Specific Authority

This phrase has been in the appropriation since FY 1980 and specifies that program expenses are included in the total appropriation request.

31 U.S.C. 718 provides that: "No specific or indefinite appropriation...shall be construed to be permanent or available continuously without reference to a fiscal year...unless it is made in terms expressly providing that it shall continue available beyond the fiscal year for which the Appropriation Act in which it is contained makes provisions".

Department of Commerce  
 Minority Business Development Agency  
 Minority Business Development

Exhibit 34

CONSULTING AND RELATED SERVICES  
 (Obligations in thousands of dollars)

	FY 1998 Actual -----	FY 1999 Estimate -----	FY 2000 Estimate -----
Consulting Services.....	0	0	0
Management and professional services.....	8	100	250
Special studies and analyses.....	0	0	0
Management and Support services for research and development.....			
Total.....	8	100	250

Since the reduction in MBDA's budget in FY 1995/1996, MBDA has reduced it's program coverage. To provide services to the entire minority business community, MBDA invested in electronic commerce. The lack of in-house expertise has required MBDA to contract for this service under the guidance of it's Information Technology Officer.

Department of Commerce  
 Minority Business Development Agency  
 Minority Business Development

Exhibit 35

PERIODICALS, PAMPHLETS, AND AUDIOVISUAL PRODUCTS  
 (Obligations in thousands of dollars)

	FY 1997 Actual -----	FY 1998 Actual -----	FY 1999 Estimate -----	FY 2000 Estimate -----
Periodicals.....	0	2	2	2
Pamphlets.....	50	40	30	30
Audiovisuals.....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total.....	50	42	32	32

Executive Order 11625 authorizes the Minority Business Development Agency (MBDA) to provide "for the development, collection, summarization, and dissemination of information that will be helpful to persons and organizations throughout the nation in undertaking or promoting the establishment and successful operation of minority business enterprise." MBDA's Office of External Affairs is responsible for the creation of periodicals, publications, and audiovisuals to carry out the mandate set forth in Executive Order 11625.

Department of Commerce  
Minority Business Development Agency  
Minority Business Development

Exhibit 36

Average Grade and Salaries

	<u>FY 1998 Actual</u>	<u>FY 1999 Estimate</u>	<u>FY 2000 Estimate</u>
Average ES salary.....	\$ 111,776	\$ 114,899	\$ 129,007
Average GS/GM grade.....	10.16	12.04	12.04
Average GS/GM salary.....	\$ 53,872	\$ 55,811	\$ 58,378
Total compensable workyears:			
Full-time equivalent employment.....	89	120	120
Full-time equivalent of overtime and holiday hours.....	1	1	1